

form. The certified public accountant shall mail each consumer's refund, along with a copy of the letter attached as Exhibit D, by first class United States Mail postage paid, within three (3) weeks of receipt of the refund form.

5.4 Within two (2) months of execution of this Assurance and monthly thereafter until the restitution process is completed, the Respondents, through the certified public accountant, shall provide the Attorney General a certified report containing the number of Tennessee consumers who requested refunds, each consumer's name and address, the amount of each consumer's refund and the total amount of refunds provided during the restitution period. At the conclusion of the restitution process the Respondents, through the certified public accountant, shall provide a report certifying and verifying that each and every provision of this Assurance regarding restitution was completed.

5.5 Respondents, through the certified public accountant, shall retain verification of all refunds made pursuant to this Assurance for eighteen (18) months after all payments have been made to consumers pursuant to paragraphs 5.1-5.4.

5.6 Respondents shall provide access to the certified public accountant to any and all necessary documents in the Respondents' possession needed to comply with the terms of this Assurance.

5.7 Respondents are responsible for all costs associated with the refund process set forth in paragraphs 5.1-5.5 including, but not limited to, the cost of postage, the costs associated with the certified public accountant, the cost

of the letterhead selected at the sole discretion of the Attorney General and copying of Exhibits C and D, and the cost of envelopes selected at the sole discretion of the Attorney General.

5.8 Respondents shall return all unused copies of Exhibits C and D which have been photocopied on Attorney General letterhead and all unused Attorney General envelopes at the conclusion of the restitution process.

6. PAYMENT OF ATTORNEYS' FEES AND COSTS TO THE STATE

6.1 Respondents shall reimburse the State of Tennessee, for its reasonable costs and expenses of investigation, including attorney fees, in the sum of twenty-seven thousand five hundred and 00/100 dollars (\$27,500.00). The twenty-seven thousand five hundred and 00/100 dollars shall be paid by cashiers or certified check payable to the State of Tennessee as follow: the first payment of seventeen thousand and 00/100 dollars (\$17,000.00) shall be due on the date of entry of this Assurance, the next payment of five thousand two hundred fifty and 00/100 (\$5,250.00) shall be due forty-five (45) days from entry and the final payment of five thousand two hundred fifty and 00/100 (\$5,250.00) shall be due ninety (90) days from entry of this Assurance.

7. USE OF ATTORNEYS' FEES AND COSTS

7.1 The sums set forth in paragraph 6.1 may be used for consumer protection purposes at the sole discretion of the Attorney General.

8. DEFAULT

8.1 Respondents' failure to make any payment required by this Assurance shall be deemed an act of default. Upon such default, all remaining amounts are immediately due and owing, and shall be subject to simple interest of one percent (1%) per month. Additionally, Respondents agree to pay attorneys' fees and costs, including court costs associated with any collection efforts required to collect the remaining amounts owed the State.

9. BANKRUPTCY

9.1 Respondents agree any and all sums set forth in this Assurance would be non-dischargeable in bankruptcy.

10. REPRESENTATIONS

10.1 IT IS AGREED that the acceptance of this Assurance by the State shall not be deemed approval by the State of any of Respondents' advertising or other business practices.

10.2 Respondents shall not represent or imply that any advertisement, procedure or other act or practice hereinafter used or engaged in by Respondents has been approved, in whole or in part, by the State.

11. PENALTY FOR FAILURE TO COMPLY

11.1 Respondents acknowledge that upon execution and filing of this Assurance as provided in paragraph 13 hereof, any subsequent failure to comply with any term hereof is prima

facie evidence of a violation of the Tennessee Consumer Protection Act.

11.2 Respondents acknowledge that pursuant to the provisions of Tenn. Code Ann § 47-18-107(f), any knowing violation of the terms of this Assurance is punishable by civil penalties of not more than one thousand dollars (\$1,000.00) for each violation, in addition to any other appropriate sanctions including contempt sanctions.

12. ADDITIONAL REPRESENTATIONS AND WARRANTIES.

12.1 The parties represent and warrant, each to the other, that the execution and delivery of this Assurance and Agreed Order is their free and voluntary act, that this Assurance and Agreed Order is the result of good faith negotiations, and that the parties believe that the Assurance and Agreed Order and terms hereof are fair and reasonable. The parties warrant that they will implement the terms of this Assurance and Agreed Order in good faith. Respondents further represent that the signatory for Respondents has the authority to act for and bind Respondents.

12.2 IT IS AGREED that Respondents will make available and disclose the terms of this Assurance and Agreed Order to their employees, officers, directors, any third party who act on behalf of Respondents, whether as an agent or independent contractor. It is further agreed that the duties, responsibilities, burdens and obligations undertaken in connection with this Assurance and Agreed Order shall apply to and bind Respondents, their agents, assigns, representatives, officers, directors, employees, sales staff and successors.

12.3 IT IS AGREED that Respondents will not

participate, directly or indirectly, in any activity to form any other entity for the purpose of engaging in acts set forth in this Assurance, or for any other purpose which would otherwise circumvent any part of this Assurance.

12.4 Execution of this Assurance shall not constitute a waiver of any private cause of action which any individual could assert against the Respondents in a court of competent jurisdiction.

13. FILING OF ASSURANCE

13.1 Immediately upon the execution of this Assurance, the Attorney General shall prepare and file in the appropriate courts the necessary petitions and orders for the filing of this assurance for the Court's approval. Respondents hereby waive any and all rights which they may have to be heard in connection with judicial proceedings upon said petitions or orders. Respondents agree to pay all costs of filing such petition or orders. Simultaneously with the execution of this Assurance, Respondents shall execute an Agreed Order in the form annexed hereto. The Assurance constitutes the complete agreement of the parties. The Assurance, annexed to the Agreed Order, is made a part of and is incorporated into the Agreed Order.

14. VENUE

14.1 Pursuant to Tenn. Code Ann. § 47-18-107, venue as to all matters between the parties relating hereto or arising out of this Assurance is solely in the Chancery Court of Davidson County, Tennessee.

15. COMPLIANCE WITH OTHER LAWS


15.1 IT IS ORDERED that nothing in this Assurance shall be construed as relieving Respondents from complying with any other state or federal laws, regulations or rules, nor shall any of the provisions of this Assurance be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

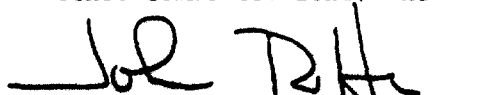
16. NOTIFICATION TO STATE

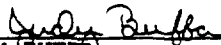
16.1 If the Respondents are engaged in any business associated with telecommunications in this State, for five (5) years following execution of this Agreement, Respondents shall notify the Attorney General, c/o Consumer Protection Division, 450 James Robertson Parkway, Nashville, TN 37243-0491, in writing, at least thirty (30) days prior to the effective date of any proposed change in their corporate structure, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or firm, the creation or dissolution of subsidiaries, or any other changes in Respondents that may affect compliance with obligations arising out of this Assurance.


IN WITNESS WHEREOF, the parties have set their hands as of the day and date first aforementioned.


FOR RESPONDENTS:


JOHN BUFFA, President
on behalf of
Sonic Communications, Inc.



JOHN BUFFA, individually


JUDY BUFFA, owner
on behalf of
Sonic Communications, Inc.

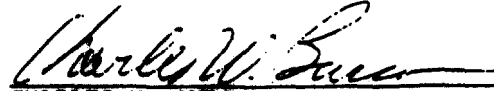

JUDY BUFFA, individually


MICHAEL BUFFA, Vice-President
on behalf of
Sonic Communications, Inc.



MICHAEL BUFFA, individually


DON SAMUEL
Attorney for Respondents

FOR THE STATE OF TENNESSEE:



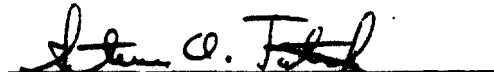
CHARLES W. BURSON
Attorney General & Reporter



STEVEN A. HART
Deputy Attorney General



CYNTHIA E. K. CARTER
Assistant Attorney General



STEVEN A. TATERKA
Assistant Attorney General

APPROVAL:



ELIZABETH OWEN, DIRECTOR
Division of Consumer Affairs

IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE

STATE OF TENNESSEE,

Petitioner,

v.

SONIC COMMUNICATIONS, INC.
a foreign corporation,
JOHN BUFFA, individually and
as President of Sonic
Communications, Inc.,
JUDY BUFFA, individually and
as owner of Sonic
Communications, Inc., and
MICHAEL BUFFA, individually
and as Vice-President of
Sonic Communications, Inc.,

Respondents.

No. 93-3626-III

12-10-93

AGREED ORDER

This cause came on to be heard on the Petition and Assurance of Voluntary Compliance, and the Court is of the opinion that said Assurance of Voluntary Compliance should be approved. It is therefore

ORDERED, ADJUDGED, and DECREED that the Assurance of Voluntary Compliance annexed hereto and incorporated herein by reference, and hereby made a part of this Order be, and the same hereby is approved, and further

ORDERED, ADJUDGED, and DECREED that Respondents shall comply with the terms thereof unless rescinded by agreement of the parties or modified by this Court for good cause shown.

As required in the Assurance, Respondents shall provide restitution in the amount of seventeen thousand two hundred eighty and 00/100 dollars (\$17,280.00) which shall be placed in an escrow fund by the Attorney General. Said funds shall be transferred to the certified public accountant selected

as required by the Assurance after proof has been provided to the State that he/she is bonded for the full amount of funds to be received. On the day of execution of the Assurance, such sum shall be placed in an escrow fund to be established for the purpose of making restitution to each eligible consumer that completes and returns the refund form as set forth in the Assurance of Voluntary Compliance. The escrow fund while held by the Attorney General's Office shall not be held in an interest bearing account. However, upon transfer of the funds to a certified public accountant the escrow account shall be held in an interest bearing account.

As further required in the Assurance, Respondents shall pay to the Attorney General the amount of twenty-seven thousand five hundred and 00/100 dollars (\$27,500.00) representing the costs of the investigation which may be used for consumer protection purposes in the sole discretion of the Attorney General. The twenty-seven thousand five hundred and 00/100 dollars shall be paid by cashiers or certified check payable to the State of Tennessee as follow: the first payment of seventeen thousand and 00/100 dollars (\$17,000.00) shall be due on the date of entry of the Assurance, the next payment of five thousand two hundred fifty and 00/100 (\$5,250.00) shall be due forty-five (45) days from the date of entry of the Assurance and the final payment of five thousand two hundred fifty and 00/100 (\$5,250.00) shall be due ninety (90) days from entry of the Assurance.

Costs shall be taxed to Respondents.

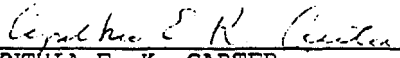
Debra J. Brund
CHANCELLOR


I hereby certify that this is a true copy
of original instrument filed in my office.

This 10 day of Dec 19 93
CLAUDE A. CONNOR, Clerk & Master

By [Signature]
Clerk

SUBMITTED FOR ENTRY:


CYNTHIA E. K. CARTER
Assistant Attorney General
B.P.R. No. 13533
Consumer Protection Division
450 James Robertson Parkway
Nashville, Tennessee 37243-0491
(615) 741-3533


Donald F. Samuel
Attorney for Respondents
Garland, Samuel & Loeb, P.C.
3151 Maple Drive, N.E.
Atlanta, GA 30305
(404) 262-2225

I hereby certify that this is a true copy
of original instrument filed in my office.
IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE

RECEIVED
MAR 1 2 1993

This 17 day of March 19 93
STATE OF TENNESSEE, CLAUDIA C. BONNYMAN Clerk & Master
By [Signature]
Petitioner, Deputy Clerk

v.

CHERRY PAYMENT SYSTEMS, INC. doing
business as CHERRY COMMUNICATIONS,

Respondent.

No. 93-781-TTT

Fo 5

ORDER FILED & ENTERED 3-17-93

MINUTE BOOK PAGE

AGREED ORDER

This cause came on to be heard on the Petition and Assurance of Voluntary Compliance, and the Court is of the opinion that the said Assurance of Voluntary Compliance should be approved. It is therefore

ORDERED, ADJUDGED, and DECREED that the Assurance of Voluntary Compliance annexed hereto and incorporated herein by reference, and hereby made a part of this Order be, and the same hereby is approved, and further

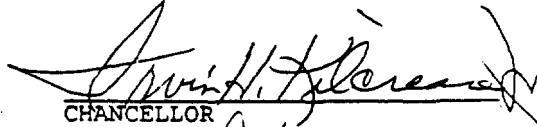
ORDERED, ADJUDGED, and DECREED that Respondent shall comply with the terms thereof unless rescinded by the parties or modified by this Court for good cause shown.

As required in the Assurance, Respondent shall provide to the Attorney General a check, backed by good and sufficient funds, payable to the State of Tennessee in the amount of twenty thousand dollars (\$20,000.00) representing the costs of the investigation which may be used for consumer protection purposes in the sole discretion of the Attorney General. The check shall be furnished to the Attorney General on the day of entry of this Order and Assurance.

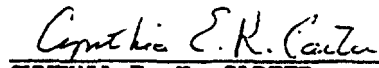
It is further ORDERED, ADJUDGED, and DECREED that local exchange carriers and long distance carriers shall provide the Attorney General with the names, addresses and telephone numbers of any persons who have complained or complain to them regarding Respondent's activities so that the restitution provision of the Assurance can be completed. Additionally,


local exchange carriers shall provide to the Attorney General the addresses of any consumers which the Attorney General needs addresses in order to complete the restitution process.

Costs shall be taxed to Respondent.


CHANCELLOR
by Interchange

SUBMITTED FOR ENTRY:


CYNTHIA E. K. CARTER
Assistant Attorney General
B.P.R. No. 13533
450 James Robertson Parkway
Nashville, Tennessee 37243-0485
(615)741-3533


W. J. MICHAEL CODY
B.P.R. 7809
Burch, Porter & Johnson
130 North Court Avenue
Memphis, Tennessee 38103
(901) 523-2311
Counsel for Respondent

RECEIVED
MAR 15 1993

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance ("Assurance") is given by Cherry Payment Systems, Inc. doing business as Cherry Communications ("Respondent") to Charles W. Burson, Attorney General and Reporter for the State of Tennessee ("Attorney General") on this 16th day of March, 1993.

WITNESSETH:

Some of the facts and circumstances surrounding the execution of this Assurance are as follows:

A. The Division of Consumer Affairs of the Department of Commerce and Insurance (the "Division" or the "State"), in conjunction with the Attorney General, has conducted an investigation of the business practices of Respondent Cherry Communications, which involve what is commonly termed "slamming" within the telecommunications industry, as more fully described in the accompanying Petition. As a result of the investigation, the Division and the Attorney General are of the opinion that certain acts and practices of the Respondent, have violated the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101, et seq. ("TCPA").

B. Respondent expressly disclaims any liability or wrongdoing on its part in regard to the allegations made in this Agreement. However, in recognition of the expense, Respondent freely and of its own accord enters into this Agreement. Nothing herein contained shall be deemed or used as an admission by any party or any person or entity not a party to this Agreement.

C. Respondent desires to give this Assurance, and the Attorney General desires to accept it, in order to avoid the costs and expenses of litigation.

NOW, THEREFORE, acting pursuant to Tenn. Code Ann. § 47-18-107, Respondent gives, and the Attorney General accepts, the following assurances:

1. DEFINITIONS

1.1 "Letter of Authority" or "LOA" means a written authorization signed by the consumer authorized to switch that consumer's long distance carrier.

1.2 "Respondent" means Cherry Payment Systems, Inc. doing business as Cherry Communications.

2. JURISDICTION

2.1 Jurisdiction of this Court over the subject matter and over the Respondent for the purposes of entering and enforcing this Assurance is admitted. Jurisdiction is retained by this Court for the purpose of entertaining a petition by the State or by the Respondent for enforcement or implementation of this Assurance. IT IS ORDERED that jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Assurance to apply to this Court for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Assurance, including enforcement of compliance therewith and penalties for violation thereof. Respondent agrees that the Petitioner may petition the court for payment of all court costs and reasonable attorneys' fees associated with any successful petitions to enforce any provision of this Assurance against Respondent.

3. BUSINESS PRACTICES

3.1 Respondent shall not engage in any unfair or deceptive acts or practices in the conduct of its business in Tennessee, and shall abide by all applicable provisions of the Tennessee Consumer Protection Act, Tenn. Code Ann. §§ 47-18-101, et seq.

3.2 Respondent shall establish procedures to ensure that all employees that sign consumers up for long distance service with any company receive personal approval of the consumer that is pre-subscribed to a given number before switching to a new carrier.

3.3 Respondent shall abolish any and all incentive payments to any employees based upon the number of consumers that sign up to switch long distance companies which do not contain provisions for monitoring and ensuring that proper authorization is given from consumers and that employees are promptly disciplined for improper conduct.

3.4 Respondent shall comply with Federal Communications Commission rules and regulations, Tennessee Public Service Commission rules and regulations, and other federal laws regarding "slamming" (common term for switching a consumer's long distance carrier without prior authorization), which require that the company switching consumers meet certain conditions before switching the consumer's long distance carrier.

3.5 Respondent shall clearly and conspicuously disclose during any solicitation to switch a consumer's long distance service that the consumer is being asked to agree to switch their long distance service from their current carrier to

Cherry Communications. In addition, any verification mechanism used by Cherry shall also clearly and conspicuously disclose that the consumer is agreeing to switch their long distance service from their current carrier to Cherry Communications prior to obtaining verification data and authorizing the switch of long distance service.

3.6 Respondent shall not state or imply during any solicitation to switch a consumer's long distance service that the consumer's long distance service will remain with the consumer's current long distance carrier and that Respondent will only be billing the service if such is not the case.

3.7 Respondent shall beginning on the date of execution of this Assurance, when switching a consumer from one long distance carrier to another, at a minimum, comply with at least one of the following procedures:

(a) obtain a written Letter of Authorization (LOA) signed by the customer. The LOA shall contain:

(i) the telephone number of the customer's billing name and address,

(ii) each telephone number to be covered by the PIC change order,

(iii) a statement that the purpose of the LOA is to switch the consumer's current long distance carrier to Respondent's service and that the LOA authorizes Respondent to submit the required papers on behalf of the consumer to change the consumer's long distance service to Respondent's service and

(iv) notification of the PIC change fee which the customer will incur and acceptance of that fee.

The LOA shall be signed by the employee who solicited the switch of long distance

service. In addition, each written LOA will be verified by a separate contact from a Cherry employee other than the soliciting employee in compliance with paragraphs 3.5 and 3.6. The verifying employee shall write on the LOA other identifying information (e.g. the customer's date of birth or the customer's mother's maiden name) and sign the LOA. This verification step shall be completed before the PIC change is made;

or

(b) in an oral solicitation, obtain the customer's authorization via an independent and qualified third party physically located separately from Respondent's telemarketing representative who has obtained the customer's oral authorization. The confirmation shall include an oral authorization to submit the PIC change order that includes verification data (e.g. the customer's date of birth or customer's mother's maiden name) and in compliance with paragraph 3.5 and 3.6;

or

(c) in response to a consumer initiated contact, within three (3) days of the customer's request for a PIC change, Respondent shall send an information package by first class mail containing the following information:

- (i) the information is being sent to confirm a PIC change order placed by the customer within the previous week;
- (ii) the name of the customer's current long distance carrier;
- (iii) the name of the newly requested long distance carrier;
- (iv) a description of any terms, conditions, or charges that will be incurred;
- (v) the name of the person ordering the change;
- (vi) the name, address and telephone number of both the customer and the soliciting long distance carrier; and
- (vii) a postpaid postcard which the customer can use to deny, cancel or confirm the PIC change request.

The customer will be required to sign the card confirming the change order before the PIC change is made. Respondent shall also comply with paragraph 3.5;

or

(d) obtain the customer's electronic authorization, placed from the telephone number(s) on which the PIC is to be changed to submit the order that confirms the information described in (a)(i-iii) to confirm the authorization. This shall be done by using toll-free telephone numbers exclusively for that purpose. Respondent shall comply with paragraph 3.5 and 3.6.

3.8 Respondent shall review any employee's record if Respondent receives two (2) complaints or other information indicating that an employee has engaged in an unauthorized PIC or long distance change order, made misrepresentations to consumers, or has violated any provision of this Assurance.

Respondent shall promptly discipline employees for improper conduct.

3.9 Respondent shall not misrepresent the savings that a consumer will receive if they agree to switch their long distance carrier.

3.10 Respondent shall not forge the signature of a consumer to a letter of authority or other document which authorizes the switching of a consumer's long distance carrier.

3.11 Within thirty calendar (30) days of execution of this Assurance, Respondent shall provide the Attorney General with an acknowledgement that each officer, director and employee of management level (that is involved in the Tennessee operations) of the Respondent has received a copy of this Order and has certified to having read it.

4. RESTITUTION

4.1 Respondent shall reimburse all Tennessee consumers who have notified the State (including, but not limited to the Attorney General's Office, the Division of Consumer Affairs and the Public Service Commission), their local exchange carriers or long distance carriers or Respondent that a switch to a new long distance carrier conducted by Cherry Communications was unauthorized or was based upon misrepresentations to the consumer. Respondents shall reimburse these Tennesseans in the following ways:

(a) Respondent shall pay all service charges associated with "switching" the consumer back to their pre-selected long distance carrier and

(b) Respondent shall pay any difference between the costs of all long distance calls

placed by the consumer while switched by the Respondent and the rate the consumer would have paid if their long distance carrier had remained with their pre-selected long distance carrier. This reimbursement is conditioned, however, upon the consumer providing Respondent with a copy of the relevant telephone bills showing the charges to be "re-rated".

4.2 In addition, Respondent shall pay refunds of monies as proscribed in paragraphs 4.1(a) and 4.1(b) to all Tennessee consumers who have had their long distance service switched through Cherry Communications and:

- (a) Have requested refunds from Respondent in the past; or
- (b) Make a written request for such refund either directly to Respondent, through the Division of Consumer Affairs, the Public Service Commission, the Attorney General's Office, other state entity or to the consumer's local telephone company or long distance carrier within one hundred twenty (120) days of entry of this Assurance. (The complaint must only be received by the appropriate party within the one hundred and twenty (120) day period). Provided, however, Respondent shall have no obligation to make said refunds until and unless the written request is given to the Respondent.

4.3 Consumer refunds shall be by check drawn on an account with a sufficient cash balance to fund all refunds and shall not consist of credits in any form. Respondent shall mail each consumer refund, by first class United States Mail, within three (3) weeks of the receipt of the written request for each refund along with a copy of the letter attached as Exhibit A.

4.4 Within two (2) months of execution of this Assurance and monthly thereafter until the restitution process is completed, Respondent shall provide the Attorney General with the number of Tennessee consumers who requested a refund, each consumer's name and address, the amount of each consumer's

individual refund, and the total amount of refunds provided, pursuant to paragraphs 4.1 and 4.2. In the event, the Respondent determines that a refund is not appropriate, Respondent shall notify the consumer and the Petitioner of the denial of a refund and its reasons for the denial.

4.5 Respondent shall retain for eighteen (18) months verification of all payments given to consumers pursuant to the process set forth in paragraphs 4.1, 4.2 and 4.3

4.6 Respondent is responsible for all costs associated with the refund process set forth in paragraphs 4.1-4.5 including the cost of postage, issuing checks and copying Exhibit A on to letterhead selected at the sole discretion of the Attorney General. The letter and checks shall be mailed in envelopes selected at the sole discretion of the Attorney General and shall be paid for by the Respondent. The Attorney General shall be solely responsible for providing Respondent with a sufficient quantity of letterhead and envelopes to comply with this paragraph. The Respondent shall not be responsible for meeting any date or time limit for mailing refunds delayed by the failure of the State to provide such letterhead or envelopes.

5. VERIFICATION OF REFUND/RESTITUTION PROCESS

5.1 The restitution process established in section 4 shall be verified in order to establish that all consumers received refunds and/or restitution as required by section 4 of this Assurance.

5.2 The State shall have the right to randomly select names from the list provided in section 4.4 and to verify

restitution was properly conducted by the respondent.
Respondent shall provide copies of all verification of payments and all documents used to calculate the consumer's refund for the names randomly selected by the State.

5.3 The information identified in section 5.2 shall be mailed within ten business (10) days of Respondent's receipt of the State's request. A State representative may review the randomly selected individual's refunds to ensure that the proper amounts were paid.

5.4 In the event a discrepancy in any payment is determined, Respondent shall be notified of any discrepancies and given five business (5) days to respond to the State's concerns. If the State's concerns are not resolved the State may initiate proceedings to enforce this Assurance including but not limited to contempt proceedings against the Respondent.

6. PAYMENT OF ATTORNEYS' FEES AND COSTS TO STATE

6.1 Respondent shall pay the total amount of twenty thousand dollars (\$20,000.00) to the State of Tennessee to reimburse the State for attorneys' fees and costs of the investigation and settlement of this matter pursuant to paragraph 6.2.

6.2 The twenty thousand dollars (\$20,000.00) payment for attorneys' fees and costs shall be paid as follows:
Respondent shall provide to the Attorney General on the day of execution of this Assurance, a check backed by good and sufficient funds in the amount of twenty thousand dollars (\$20,000.00).

7. USE OF ATTORNEYS' FEES AND COSTS

7.1 Defendant shall pay the Attorney General twenty thousand dollars (\$20,000.00), representing the attorneys' fees and costs of the investigation of this matter, which may be used for consumer protection purposes at the sole discretion of the Attorney General. The State of Tennessee shall be paid as set forth in paragraphs 6.1 and 6.2.

8. DEFAULT

8.1 In the event that Respondent defaults under the terms of this Assurance by failing to meet any financial obligation arising from this Assurance's terms including cost of restitution process pursuant to paragraphs 5.1 and 5.2, the total amount remaining shall be immediately due and payable. At the time of default, all remaining amounts are immediately due and owing and shall be immediately subject to simple interest of one percent (1%) per month. Additionally, the Respondent agrees to pay reasonable attorneys' fees and court costs associated with any collection efforts required to collect the remaining amounts owed the State at the point of default.

9. REPRESENTATIONS

9.1 Unless an act or procedure is expressly required by this Assurance and Respondent is answering a third party's inquiry, Respondent shall not represent or imply that any advertisement, procedure or other act or practice hereinafter used or engaged in by Respondent has been required or approved, in whole or in part, by the Attorney General, the Division, or the State of Tennessee. Even if a procedure or activity is required by this Assurance, Respondent will not represent or

imply that any particular procedure, language, technique or manner of performing a requirement of the Assurance has been approved, in whole or in part, by the Attorney General, the Division, or the State of Tennessee. Further, Respondent may in response to third party inquiries regarding any procedure(s), act(s) or practice(s) required by this Assurance provide a copy of this Assurance to that third party.

10. PENALTY FOR FAILURE TO COMPLY

10.1 Respondent understands that upon execution and filing of this Assurance as provided in Section 13 hereof, any subsequent failure after the date of entry of this Assurance to comply with any term hereof is prima facie evidence of a violation of the Act.

10.2 Respondent understands that, pursuant to the provisions of the Tennessee Consumer Protection Act, any knowing violation of the terms of this Assurance is punishable by civil penalties of not more than One Thousand (\$1,000) Dollars for each violation, in addition to any other appropriate sanctions, including contempt sanctions.

10.3 Prior to commencing any action to enforce this Assurance, the parties agree to notify the non-complying party generally of the fact(s) giving rise to the belief that it is not complying. The party given notice shall have calendar ten (10) days to demonstrate it has complied.

11. VENUE

11.1 Pursuant to Tenn. Code Ann. § 47-18-107, venue as to all matters between the parties relating hereto or arising